Amending budget 9/2008: increase in the forecast of revenue; decrease in payment appropriations

2008/2311(BUD) - 31/10/2008 - Commission preliminary draft budget

PURPOSE: to present the Preliminary Draft Amending Budget (PDAB) No 10 for the year 2008.

CONTENT: this Preliminary Draft Amending Budget (PDAB) No 10 for the year 2008 covers the following elements:

1. the need to budget a net increase in the forecast of revenue (**EUR 1 198.7 million**) after the revision of the forecasts of own resources and other revenue;
2. the need for a decrease of payment appropriations in budget lines for headings 1a, 1b, 2, 3b and 4 (**EUR 4 891.3 million**), after taking into account the redeployments proposed in the global transfer.

1) Increase of revenue: the Commission has revised the forecasts for own resources. As far as the VAT and GNI own resources balances are concerned, and on the basis of the available information, the Commission proposes to enter an amount of EUR 1 823.7 million. At this stage the calculations for Member States' balances are still provisional because of the on-going verification of VAT and GNI data. This may lead the Commission to revise the figures in the course of the procedure for this PDAB.

The Commission also proposes to decrease Traditional Own Resources (TOR) by EUR 1 600 million in chapter 12 of revenue. The Amending Budget No 5/2008 estimated the total of traditional own resources as a net amount of EUR 18 536.3 million. However taking into account the evolution of the cashed amounts since the beginning of the year, this is now estimated at EUR 16 936.3 million. If new actual data for the last quarter of the year would imply significant changes to this estimation, the Commission will revise its figures also in the course of the budgetary procedure.

This PDAB also takes account of financial corrections in connection with the Structural funds (EUR 313 million), other non-assigned contributions and refunds (EUR 33 million) and interest on late payments and fines. The Amending Budget No 3/2008 already increased amounts entered in Budget 2008 by EUR 849.2 million. Considering the amounts that at this stage of the year are cashed or will probably be cashed, it is proposed to enter an additional amount of EUR 629 million in the budget.

2) Decrease in payment appropriations: the Commission proposes to adjust the level of payment appropriations for certain budget lines in order to align them more closely to the latest estimates of needs. The reduction in the level of payment appropriations proposed amounts to **EUR 4 891.3 million**.

This reduction can be characterised as follows:

- **Heading 1a - Competitiveness for Growth and Employment:** - EUR 50 million for the completion of programmes for enterprises;
- **Heading 1b - Cohesion for Growth and Employment:** - EUR 4 514.7 million for Structural and Cohesion Funds (the 2008 budget requested by the Commission for Heading 1b was established under the hypothesis that all the 2007-2013 programmes would be adopted in 2007 and that execution would start immediately after their approval, leading to an appropriate level of interim payments. Interim payments for the 2000-06 programmes have, however, exceeded expectations and consequently absorbed a significant part of the payments originally estimated for the 2007-13 programmes. However, an important number of payments are currently suspended by the Commission for the 2000-2006 programmes, following audits of the management and control

systems of certain specific operational programmes, and while awaiting for the Member States concerned to take the necessary corrective measures);

- **Heading 2 - Preservation and Management of Natural Resources:** - EUR 20.7 million for the Reserve for Fisheries Agreements;
- **Heading 3b - Citizenship:** - EUR 13.6 million for the Public Health Programme and – EUR 26.7 for the transition facility for institution building after accession;
- **Heading 4 - the EU as a Global Player**: - EUR 47.6 million for the Instrument for Pre-Accession (IPA) (Human Resources Development); - EUR 70 million for Instrument for Pre-accession Assistance for Rural Development (IPARD); - EUR 100 million for the Instrument for structural policies for pre accession (ISPA) (Completion of other previous projects (2000 to 2006); and - EUR 48 million for cooperation with developing countries in Asia.